

CHAPTER NO. 394

HOUSE BILL NO. 1403

By Representative Fowlkes

Substituted for: Senate Bill No. 1386

By Senator Rochelle

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 3, Part 1, relative to clarification that domestic insurance company bonds or other evidences of debt having a fixed term and rate of interest, which are deposited as security for particular reinsurance liability, continue to be valued pursuant to Tennessee Code Annotated, Section 56-3-113, and that such valuation is not to be limited to the amount of the particular reinsurance liability.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Sections 56-3-115, 116 and 117 are amended by redesignating such sections as Sections 56-3-116, 117 and 118, respectively.

SECTION 2. Tennessee Code Annotated, Title 56, Chapter 3, Part 1, is amended by adding the following as a new Section 56-3-115:

Notwithstanding the provisions of § 56-1-405, where bonds, or other evidences of debt having a fixed term and rate of interest, of a domestic insurance company are held by or on behalf of another person in connection with a reinsurance liability of such domestic insurance company, the amount allowed as a credit against such liability shall be determined in the manner provided for in § 56-3-113, and the commissioner may allow the excess, if any, of the amount of such bonds and other evidences of debt over the amount of such liability to constitute an admissible asset of such domestic insurance company, but only if and to the extent that such bonds or other evidences of debt would constitute admissible assets except for being so held in connection with a reinsurance liability; provided, however, that the total amount of such excess that a domestic insurance company may take into account as an admissible asset shall not exceed twenty percent (20%) of such company's capital and surplus as determined at the 31st of December of the year preceding the date of such determination.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 24, 1999



JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 14th day of June 1999



DON SUNDQUIST, GOVERNOR